

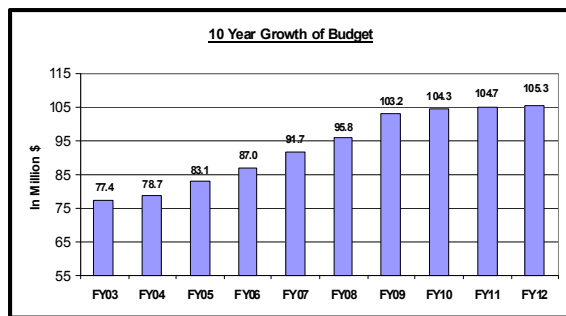
Executive Budget Financial Summary

City of Leominster

Introduction

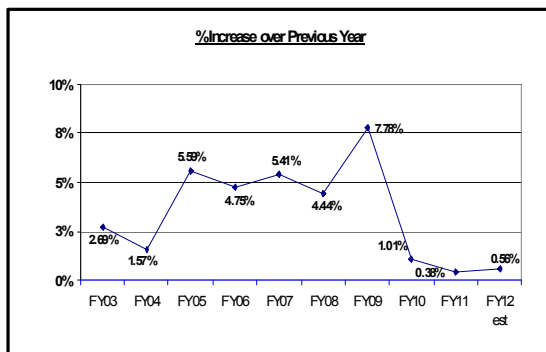
The Fiscal Year 2012 General Fund Budget total of \$105,324,203 represents a 0.63 % increase over the Fiscal Year 2011 Budget total of \$104,667,900.

Budget Chart 1



The 0.63 % budget increase was possible because of Certified New Tax Growth (\$1,060,043) and a Proposition 2 1/2 Tax Levy Increase (\$1,397,846). The amount also includes one time State Aid that totals \$350,012. The FY 2011 budget included \$2,513,476 in one time State Aid that was not available in FY12.

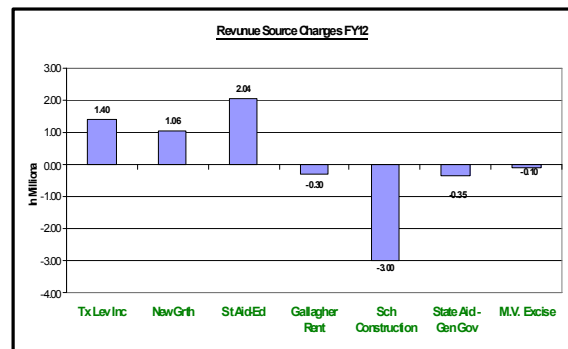
Budget Chart 2



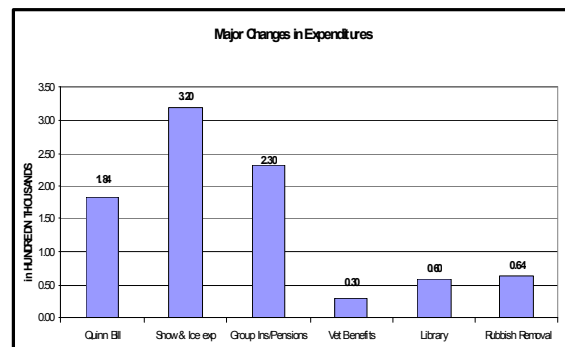
The major changes in General Government revenue sources from FY11 to FY12 include a Proposition 2 1/2 tax increase (\$1,397,846), and Certified New Tax Growth

(\$1,060,043). Chapter 70 State Aid Education was increased by \$2,036,015. State Aid-General Governmental Aid was decreased by \$350,012. Local Receipts (elastic-type which contract during economic downturns) estimates were reduced by \$515,193.

Budget Chart 3



Budget Chart 4



Federal Stimulus Aid to the School Department was also decreased by \$2,605,754. This results in a net State/Federal decrease for the School Department (Chapter 70 decrease plus Stimulus Funds decrease) of \$569,739. The local required district contribution increase of \$752,356 along with the State/Federal Aid increase of \$2,036,015 results in a net increase of \$2,788,371 in the Net School Spending requirement for FY12 (\$64,079,293) or 4.55% increase over the FY11 Net School Spending requirement (NSS) of \$61,290,922. It's a \$182,617 net increase over FY11 spending requirements when other Federal/State Stabilization Funds are

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City of Leominster

In FY12, the School Department was not awarded an Educational Job's grant in the amount of \$2,394,129 along with Stimulus Funding (SFSF) of \$211,626 for total additional funding of \$2,605,755 as it was in FY11.

Initial Snow & Ice funding was increased \$320,000 during FY12. The group insurance and retirement related expenses have been increased by \$230,000 for FY 2012. Veteran's Benefits funding has been increased \$30,000 due to the economic downturn resulting in more demand for benefits. Library funding increased by \$60,000. Rubbish Removal was increased by \$64,000.

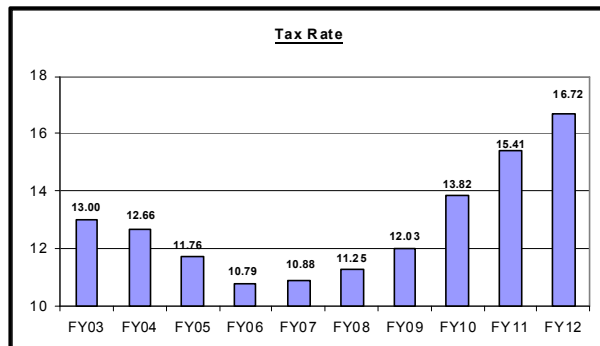
The City was able to fund the High School Renovation Debt Service with a \$400,000 appropriation (\$60,000 increase).

Police Educational Incentive ("Quinn Bill") was increased \$184,000 due to an adverse arbitration ruling requiring the City to fund the unsupported State share of the benefit. A State Supreme Court ruling has cast doubt on this funding requirement in the future.

Tax Base Information

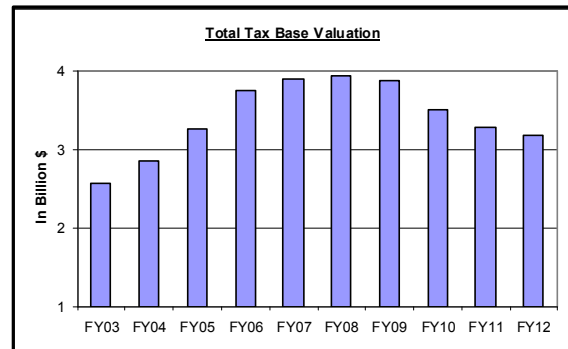
The Total Assessed Valuation of the City has again decreased. The City has utilized a Proposition 2 1/2 increase for FY12.

Budget Chart 5



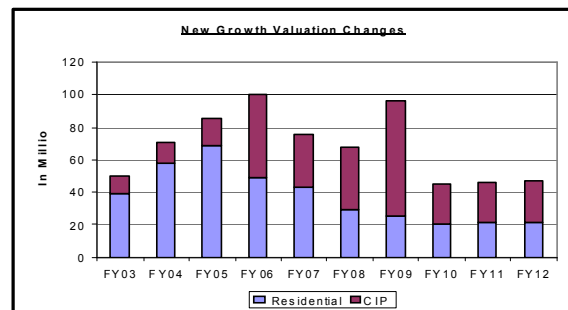
The Total Assessed Valuation for the City declined to \$3,178,987,671 for Fiscal Year 2012. This still represents a 41.4 % increase over the Fiscal Year 2002 Total Assessed Valuation of \$2,248,360,560.

Budget Chart 6



The \$930,627,111 increase in valuation during the past 10 year period includes Certified New Growth valuations of \$684,096,514 which resulted in growth in the tax levy equal to \$53,148,964 (unadjusted for future tax levy increases). This Certified New Growth accounted for 45.1% over the past 10 years of the total increase in the Tax Levy of \$19,856,644.

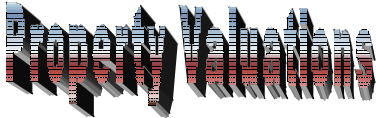
Budget Chart 7



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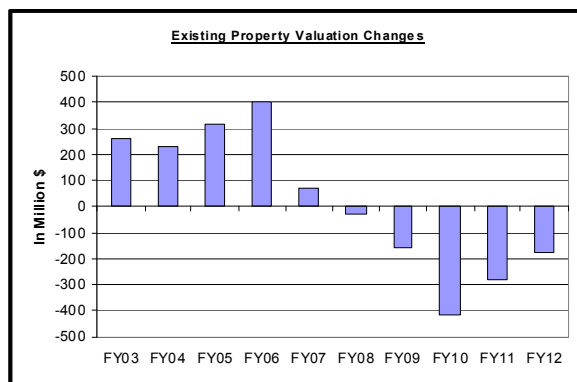
Summary Continued

City of Leominster



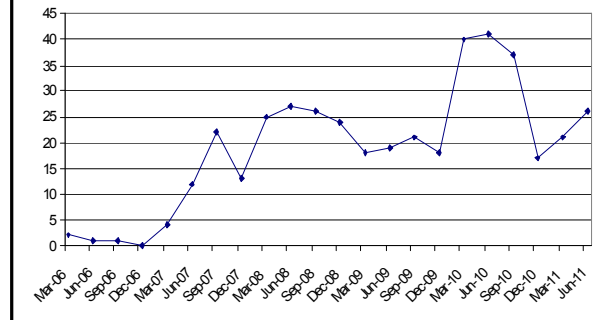
Existing property valuation net changes amounted to a decrease of \$179,296,656 in value during FY 2012. Certified New Growth valuation totaled \$68,789,330 for FY12 resulting in the net decrease of \$110,507,326 in valuation for FY12.

Budget Chart 8



This is the fourth significant decrease in valuation changes of existing properties since FY02. Property values for residential properties continue to decline during calendar year 2011 sales which are reflected in FY 2012 real estate values. Foreclosures of property in Leominster began to increase significantly in August 2007. The impact upon collection rates will be closely monitored. A number of these properties had adjustable rate mortgages which were initiated on originally favorable terms, but are being adjusted to current market rate terms not as favorable.

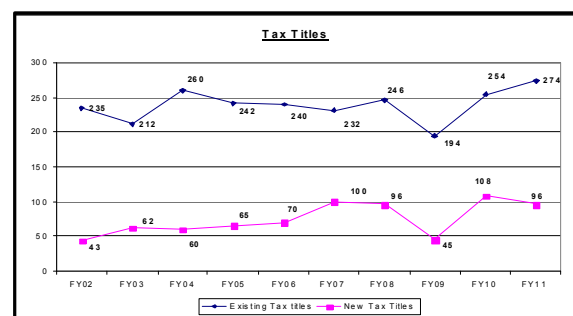
Mortgage Foreclosures by Quarter



Budget Chart 9



Budget Chart 10



The City has also seen a decrease in the number of new tax titles for FY 2011 which were advertised in November of 2011 (FY12). The number of new tax titles decreased to 96 from 108 in FY 2011.

Executive Budget

Summary Continued

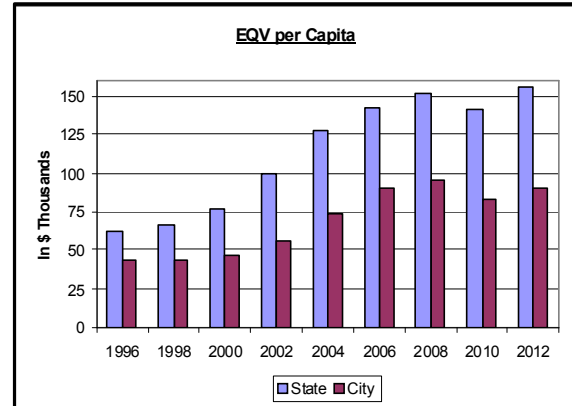
City of Leominster

Budget Chart 12

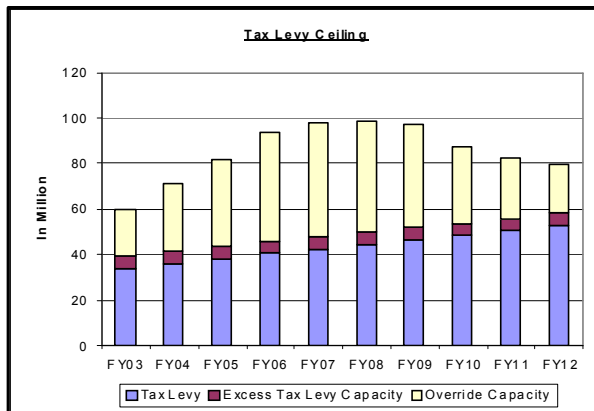
The overall Net Valuation decrease has served to lower the City of Leominster ultimate levy ceiling to \$ 79,474,692 in FY 2012. The ultimate levy ceiling is the maximum amount that the City of Leominster could raise through the tax levy in that particular year. This amount is equal to the so called, "Proposition 2 1/2 Ultimate Limit". The formula to arrive at this levy ceiling amount is:

$$\text{Total Assessed Valuation} \times 2.5\%$$

This net decrease in valuation has resulted in the City having \$21,102,954 in current override capacity in FY 2012.



Budget Chart 11



The City trails the State-Wide EQV per Capita average through FY 2012. The figures for FY 2012 indicate that the Leominster EQV per Capita of \$90,662 equates to 58.3% of the State-Wide EQV per Capita average of \$155,402. The FY10 EQV for Leominster is \$3,881,011,364 with a census population of 41,055 that translates into a \$83,000 EQV per Capita for FY 2010.

Revenues

State Aid - General Government revenue, Lottery Aid and Hold Harmless Aid was decreased by 7.8% (\$350,012) in FY 2012. All indications point to the City becoming more self reliant for revenue growth for the foreseeable future.

Budget Table 1

General Fund Revenue Sources

Fiscal Year	Tax Levy %	State Aid %	Local Receipts %
FY12	50.5%	44.4%	56%
FY11	48.4%	45.9%	56%
FY10	46.5%	45.1%	83%
FY09	45.3%	48.0%	61%
FY08	46.3	47.2	65
FY07	46.3	47.2	65
FY06	47	47	6
FY05	46	46	8
FY04	46	47	7
FY03	43	48	9

Executive Budget

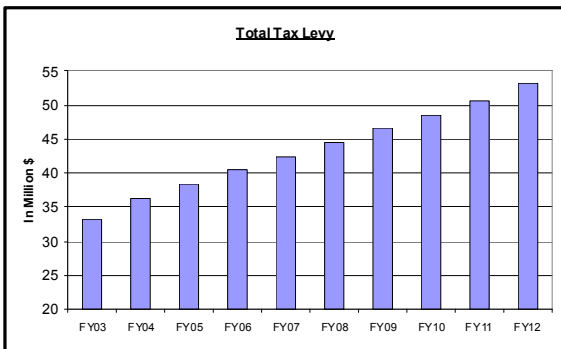
Summary Continued

City of Leominster

Property Tax Levy

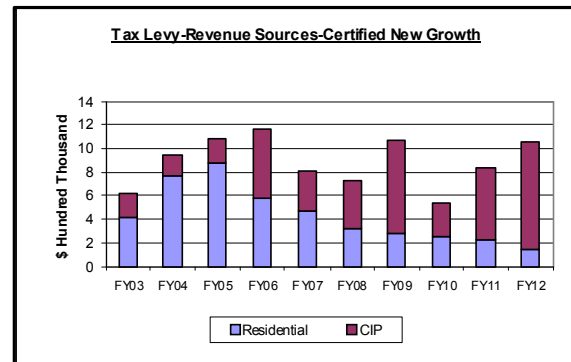
In FY 2012, the Property Tax Levy is \$53,152,674. This represents a 4.85% increase over the FY 2011 Property Tax Levy of \$50,691,118. In FY 2012 a single "Proposition 2 1/2" tax levy increase yields additional tax revenue of \$1,397,846. The amount of tax revenue raised by so called "Certified New Growth" yielded \$1,060,043 in additional tax revenue in FY 2012. Of this amount, \$915,065 was related to Commercial, Industrial & Personal Property new value, while \$144,978 was related to Residential New Growth.

Budget Chart 13



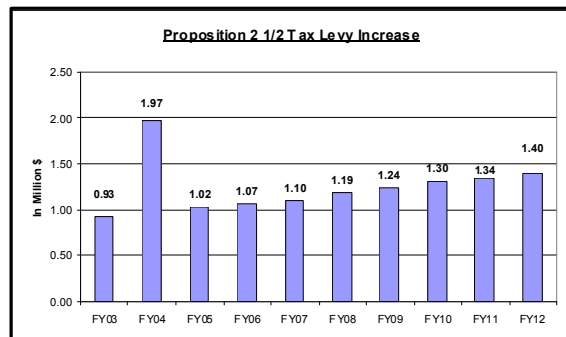
Since FY 2002, the property tax levy has grown from \$31,656,917 to \$53,152,674 for a total increase of \$21,495,757. "New Growth" has been certified for a total of \$8,910,092 during this period. This is equal to more than 41.15 % of the total levy increase during this ten year time period. Of the amount, \$4,328,059 was residential new growth, while \$4,582,033 was commercial, industrial, and personal property new growth (CIP). CIP growth during FY12 was \$915,065 compared to \$144,978 in residential new growth.

Budget Chart 14



The Proposition 2 1/2 total tax increase during this 10 year period was \$12,585,665.

Budget Chart 15



The underutilization of the allowed full Proposition 2 1/2 tax increases over the past several years has placed the City in the position of having \$5,219,069 in Excess Levy Capacity in FY 2012. The cumulative total of tax capacity not levied since FY 2002 totaled \$52,793,496 (see Budget Chart 28).

Executive Budget

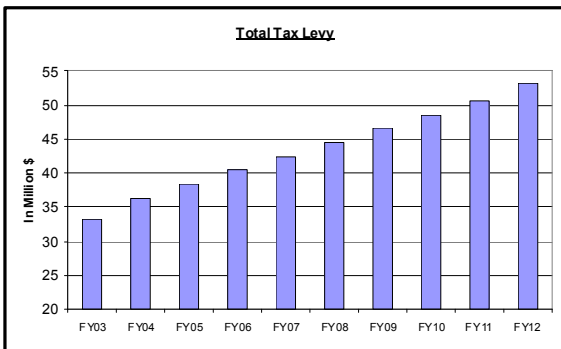
Summary Continued

City of Leominster

Property Tax Levy

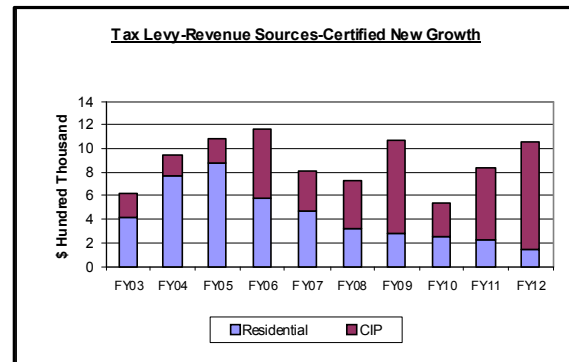
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Budget Chart 13



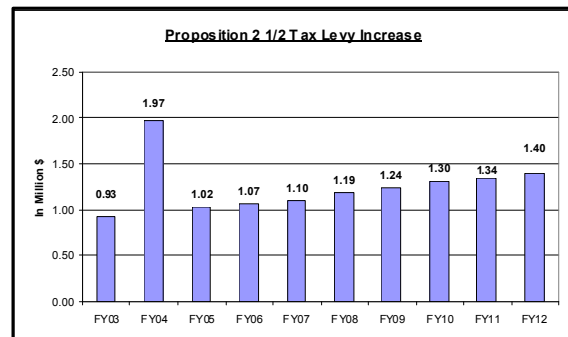
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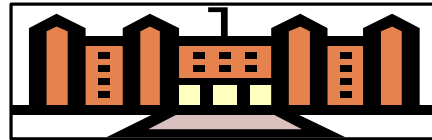
Executive Budget

Summary Continued

City of Leominster

In Addition to Ch. 70 Awards, the State requires the City to increase their local contribution in accordance with a Municipal Revenue Growth Factor (MGRF) formula along with a new test to see where a community stands in relation to its newly instituted "target share" requirement to be met over time. The Leominster "target share" is calculated at \$26,622,001 (41.55% of the Foundation Budget). The FY 2012 preliminary required local contribution is \$22,404,454 after the FY12 MRGF addition (\$533,648 increase over FY11) which is 6.58 % below the "target share". Since the City is greater than 5% below the "target share" required percent (41.55% required), the City was said to be 6.58 % below target and therefore must contribute an additional 1% of the previous FY11 required local contribution. For FY12, this translates into an additional \$218,708 increase in the City local required contribution. The new "aggregate wealth" model adopted in FY 2007 and implemented in FY 2008 is expected to indicate that the city is significantly under its "target share" for a considerable time in the foreseeable future, and therefore will place additional financial requirements on the City over the normal MGRF for many years in the future.

The required local contribution with the penalty is \$22,623,162 for FY12. This amount is \$752,356 greater than the FY11 amount.

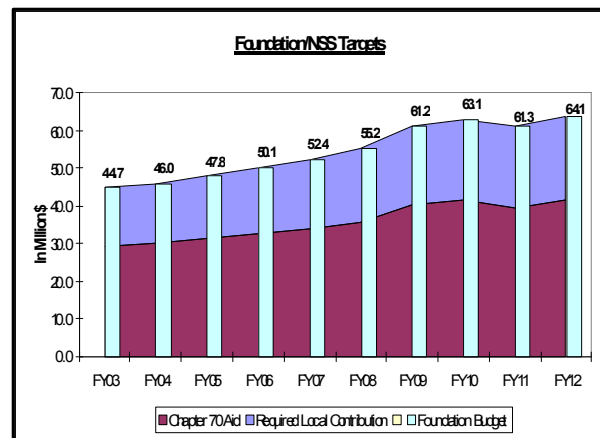


In addition to NSS requirements, there are cost centers such as debt service, transportation and capital outlay expenses which are not included in the Required Net School Spending calculations. The City has been awarded a grant for the rehabilitation of the High School. This loan order is expected to be reimbursed by the State at around the 72% mark. The loan order approved by the City Council totaled \$42,400,000. Construction began in the spring of 2011. The City has continued increasing funding of the debt service for this project by growing the appropriation to \$400,000 in FY12. School Transportation was level funded during FY12.

Budget Table 3

Fiscal Year	% Under Target Share	% Penalty	\$ Amount
FY08	12.93%	2.00%	369,415
FY09	10.26%	2.00%	392,171
FY10	10.11%	2.00%	414,446
FY11	7.58%	1.00%	211,865
FY12	6.58%	1.00%	218,708

Budget Chart 17



Executive Budget

Summary Continued

City of Leominster

State Aid-General Government

The total State Aid-General Government the City is estimated to receive in FY 2012 is \$5,100,678. This section of the "Cherry Sheet" is \$271,987 less than the amount of \$5,372,665 aid received in FY 2011.

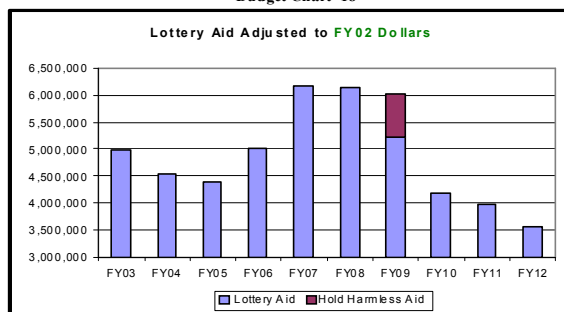
The FY 2012 Unrestricted General Government Aid of \$4,490,816 is less than the award given in FY 2011. Reports out of Boston seem to indicate that Lottery sales have slowed dramatically, if not decreased, and the future of this primary local aid revenue source is questionable.

The Governor had submitted a bill to allow casinos and it

Budget Table 4

Gen Government	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Lottery	5,097,526	4,779,809	4,779,809	5,633,456	6,988,649	7,111,354	6,167,107	5,042,529	4,840,828	4,490,816
Additional Assistance	13,756	11,693	11,693	11,693	11,693	11,693	11,693	0	0	0
Highway Fund	0	0	0	0	0	0	0	0	0	0
Police Incentive	93,179	135,209	154,288	163,770	193,305	214,978	203,977	34,078	17,003	0
Veteran's Benefits	51,618	32,212	27,428	45,792	35,829	56,447	122,064	101,564	153,830	230,824
Exemptions Vets, Blind/Survivor Spouse	52,217	53,178	51,049	55,547	50,068	111,001	112,319	180,766	228,633	241,933
Abate ments Elderly	58,685	62,372	63,354	63,332	63,322	63,292	63,290	0	0	0
State Owned Land	31,232	25,003	39,124	49,823	93,033	103,942	111,448	100,399	132,371	137,105
Hld Harmless Aid							944,247	0	0	0
Total State Aid	5,923,992	5,099,476	5,126,745	6,023,413	7,441,899	7,672,707	7,736,145	5,459,336	5,372,665	5,100,678
Gen Gov										

Budget Chart 18



has passed. It's value as a source of revenue and/or its impact on the Lottery is undetermined at this time.

Since other State Aid—General Government revenue line items are reimbursement types of aid, these revenue sources only serve to help mitigate other cost center increases.

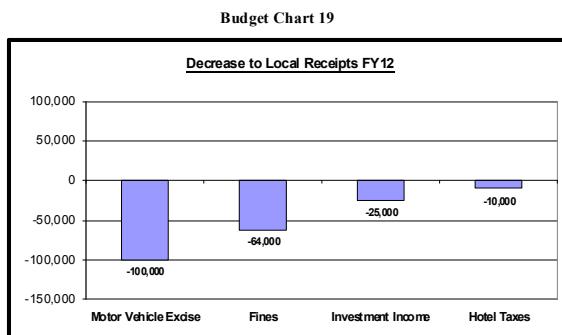
Executive Budget

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City of Leominster

Local Receipts

The economy continues to put downside pressure on several elastic-type revenue local receipts. For example, Motor Vehicle excise tax collections estimate decreased by \$100,000 from last fiscal year. Investment income is expected to continue to drop due to the lowering of interest rates by the Federal Reserve. Building Permit revenue is also expected to contract dramatically.



Budget adjustments in the functional areas include the following:

Expenditures

General Government:

- Most expense accounts level funded.
- 0.0% COLA's for non-union & union proposed.
- \$20,000 restored to Personnel Department wages to restore full time director.
- \$5,000 increase in Economic Development.
- \$22,600 to Information Technology.

Public Safety:

- Police overtime funding increased by \$20,000 (7.3%).
- Police wages funding increased by \$162,595 (3.1%).
- Fire overtime funding increased by \$40,000 (8.3%)

Education:

- Chapter 70 increase of \$2,036,015
- Local Net School Spending appropriation increase of \$752,356.
- Preliminary Net School Spending requirements and other spending during FY 2012 can be summarized as follows:

- Net School Spending Requirement

Chapter 70	\$ 41,456,131
Stimulus Funding	\$ 0
Education Jobs Grant	\$ 0
Net City Minimum Contribution	<u>\$ 22,623,162</u>
Sub Total:	\$ 64,079,293
School Transportation**	\$ 2,600,000
- School Debt Service***	\$ 1,296,550

**Does not include "Free Cash" appropriations for Transportation and Capital Outlay

*** Includes \$400,000 in debt payment toward High School Renovation Project.

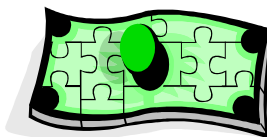
Budget Table 5

This budget chart illustrates the expenditure amounts by functional area in the City. The Miscellaneous category includes Group Health, Pension and Other Insurances.

Functional	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
Area					
General	2,882,132	2,806,748	2,726,093	2,749,371	2,685,663
Public Safety	13,642,267	13,353,880	13,344,559	13,969,773	13,261,360
Education	61,586,442	59,262,000	58,709,723	59,609,723	45,430,328
Public Works	4,957,699	4,537,300	4,376,265	4,817,637	4,934,286
Human Services	806,063	761,464	646,226	682,559	683,376
Culture and Recreation	1,703,953	1,742,957	2,416,432	1,719,258	1,609,172
Debt Service	2,466,029	5,698,088	3,197,368	4,204,522	3,965,993
Misc	12,032,415	11,875,883	14,588,017	11,447,157	19,325,822
Other	4,827,191	4,629,580	4,264,414	4,025,829	3,881,683
Totals	104,904,191	104,667,900	95,777,683	91,705,651	87,001,979

Public Works:

- Public Works expenses level funded
- Snow & Ice expense funding increased by \$320,000 (67%)
- Refuse Collection expenses funding increased by \$64,000 (3.0%).



Executive Budget

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City of Leominster

Human Services:

- Veteran's Service benefit expense funding increased by \$30,000 (11.6%)
- Other Departments level funded.

Culture & Recreation:

- Library funding increased by \$61,688 (5.4%)

Debt Service:

- High School Renovation Project funding at \$400,000.

Miscellaneous (Retirement & Insurance):

- Retirement assessment funding increased by \$32,860
- Group Insurance-Active Employees - funding increased by \$100,252.
- OPEB (Retirement Health Insurance) funding increased by \$96,800.
- Other Insurances (W/C, P/L, Unemployment & Medicare) net level funded.



Debt Service

General Fund Debt Service

The City of Leominster employs a broad based and long term view when managing debt service and debt-like service payments within the General Fund.

The City had a total of \$39,737,313 in bond principle amounts outstanding as of 6/30/11.

The City had no balance in bond anticipation notes outstanding as of 6/30/11 within the General fund.

The City additionally had a \$ 27,520,699 Unfunded Pension Liability as of 1/1/2011.

The City also had \$212,007,537 in unfunded Other Post Employment Benefits (OPEB) Liability as of 1/1/2011.

The City recognized \$27,758,739 of this liability in its entity wide Financial Statements as of 6/30/11.

Thus, General Fund debt and debt-like principle amounts can be summarized as follows:

6/30/2011	General Fund	
	Debt Principle	\$39,737,313
6/30/2011	General Fund	
	B.A.N.S.	\$0
1/1/2011	Unfunded Pension Liability	\$27,520,699
6/30/2011	Unfunded OPEB Liability Recognized	\$27,758,739
	Total:	\$95,016,751

Executive Budget

Summary Continued

City of Leominster

The City is currently in a very strong position as to the relatively short principle payback period for outstanding debt. The school addition loan was paid back in FY 2009, and the Skyview Middle School loan is scheduled to be fully paid by FY 2013. The City will then utilize this tax levy capacity toward the amortization of the High School Renovation Project.

Current State law does not allow increasing principle payments in future years for this purpose, however. The City is hoping that legislation submitted by the Governor in the Municipal Partnership Act will be passed allowing this type of principle debt payment structure in the future.

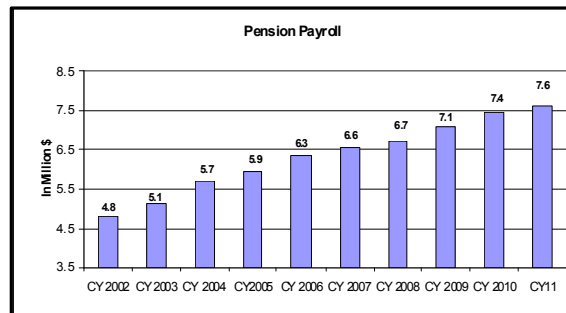
The City has begun to find funding sources to pay for its estimated \$12,500,000 share of the remaining \$42,400,000 total bonding amount of the High School Renovation Project.



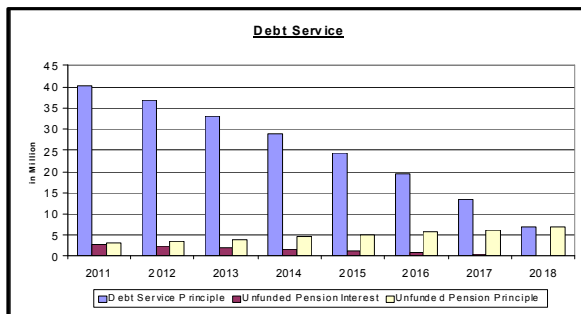
Unfunded Pension Liability

The second largest debt-like obligation for the City of Leominster is the Unfunded Pension Liability of \$27,520,699 as of 1/1/2011. (The pension payroll has increased a total of \$3,051,955 since FY 2000.)

Budget Chart 20



Budget Chart 21



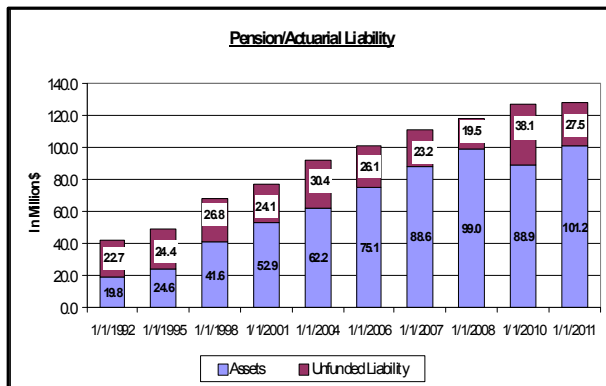
The Retirement System has reduced the time period of the funding schedule of the unfunded pension liability from the year 2028 to the year 2016. This will eventually allow for some of these funds (total estimated to be \$7,102,233) to be utilized toward the significant unfunded liability and service costs of Other Post Employment Benefits (OPEB) obligations that have been reported by the City of Leominster within the Fiscal Year 2011 financial statements and for future years.

Executive Budget

Summary Continued

City of Leominster

Budget Chart 22

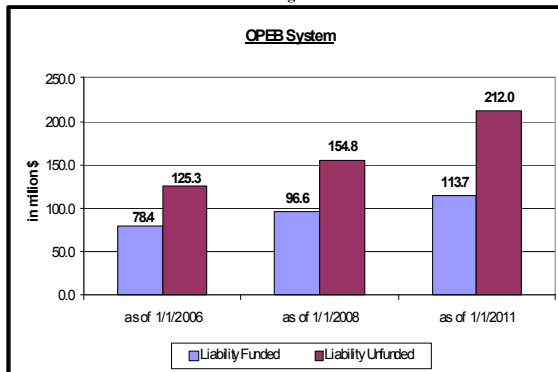


Unfunded Other Post Employment Benefit Liability

The City has completed its third actuarial study examining the area of Other Post Employment Benefit Liability (OPEB). For the City of Leominster, this encompasses Retiree health, dental and life insurance. The current system pays for these benefits on a “pay as you go” methodology. The actuarial study estimates an annual required contribution of \$18,836,209 in FY 2012 if not properly funded. This compares to an estimated FY 2012 appropriations of \$7,004,761 for the “pay as you go” method imbedded in the FY12 budget. A big new cost factor is the required set aside amount in the current fiscal year (FY12 cost estimate is \$9.5 million) for the retiree benefits for current active employees (actuarial term: normal cost).

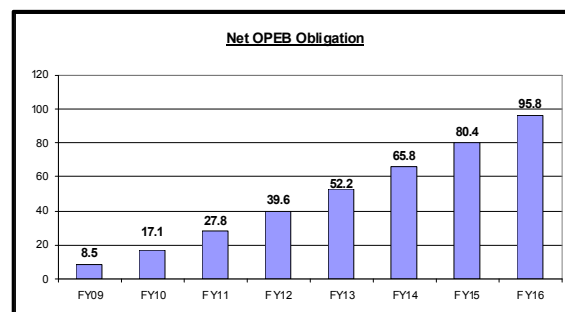
The newest actuarial report completed for the new OPEB GASB 45 requirement indicates an initial unfunded liability of \$ 133,404,332 of 1/1/2011 if properly funded. This would allow the actuary to utilize a 7.50 % discount rate for the investment rate of return. For as long as the City does not properly fund this new requirement, the discount rate of only 4.25%, which inflates the OPEB unfunded liability as for 1/1/2011 to \$212,007,537.

Budget Chart 23



The City has completed an OPEB actuarial valuation for the FY 2009 implementation date. The City has negotiated with all unions to change the Employer/Employee health insurance premium for the Network Blue HMO product payment method from an 80/20 arrangement to a 75/25 payment plan. The City also implemented the same 75/25 Network Blue HMO arrangement for retiree’s. Pre-Medicare and non-Medicare retiree’s were impacted by this policy as of 7/1/07. The city did successfully negotiate a new plan design for all City and School employees during FY 2012 based upon the recent State’s GIC products. This will be implemented on 7/1/12 and will impact future OPEB actuarial studies.

Budget Chart 24



If the City does not fund OPEB expenses beyond the estimate of “pay as you go” amounts currently in the budget, the chart above shows how the unfunded net OPEB obligation will grow from \$8.5 million in FY09 to \$52.2 million in FY13.

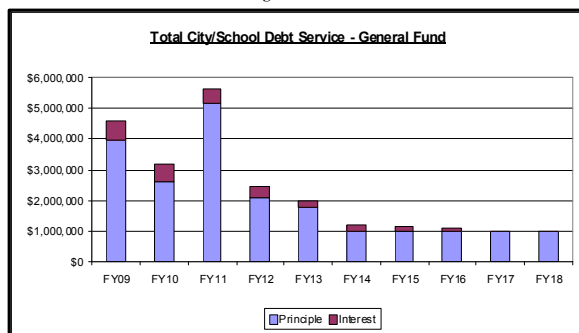
Executive Budget

Summary Continued

City of Leominster

The chart below illustrates total debt service over time for currently outstanding principle and interest payments for the General Fund. The City called FY12, FY13, & FY14 principle amounts owed on the Samoset Middle School Project and completely paid all outstanding debt. The State agreed to prepay its' share (at a slight discount) to allow the City to accomplish this.

Budget Chart 25



Reserves

Fiscal Reserves

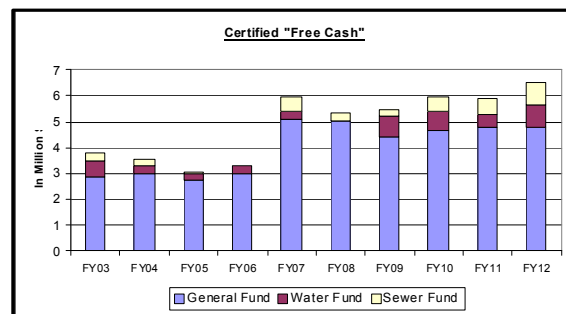
The City of Leominster has established reserve policies which will assist the City during all phases of the business cycle. Adherence and compliance to the existing targets and even updated targets requires significant discipline and political will to maintain the course during difficult economic times. The long term benefits of successful execution of the adopted reserve policies far outweigh any temporary cost of foregoing adherence to the well thought-out and reasoned fiscal reserve policies.

Free Cash

The State Certifies a portion of the City's surplus revenues as legally available for spending. The General Fund Fiscal Year 2012 certified "Free Cash" amount certified by the State was \$ 6,526,756. Imbedded within this amount was a Water Surplus closed out to the General Fund in the amount of \$ 847,638. Additionally the Sewer fund surplus

was closed out to the General Fund in the amount of \$870,804. The remaining \$ 4,808,314 represents 3.87 % of the total amount to be raised during FY 2012 of \$124,111,551. The City strives to achieve a minimum of 5% of the total amount to be raised of the next fiscal year for a "Free Cash" certified amount.

Budget Chart 26

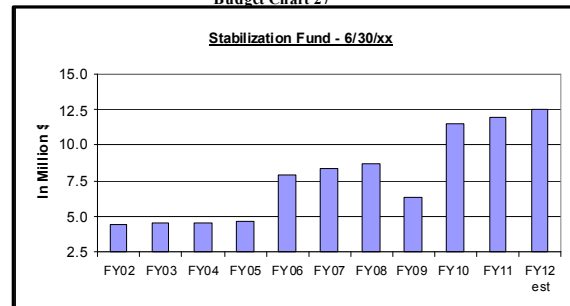


Stabilization Fund

The City has wisely funded a Stabilization Fund to protect against the adverse ramifications associated with revenue deficits of prior years. The 6/30/11 balance of \$11,092,716 represents 9.56 % of the total during Fiscal Year 2012 (\$116,007,172) General Fund revenues.

The City has a fiscal goal to grow its Stabilization Fund balance to 10% of General Fund revenues. The city transferred an additional \$1,400,000 into the Stabilization Fund during FY 2012. The balance is expected to be in excess of \$12,500,000 as of 6/30/12 which will likely meet the 10% goal as of 6/30/12.

Budget Chart 27



Executive Budget

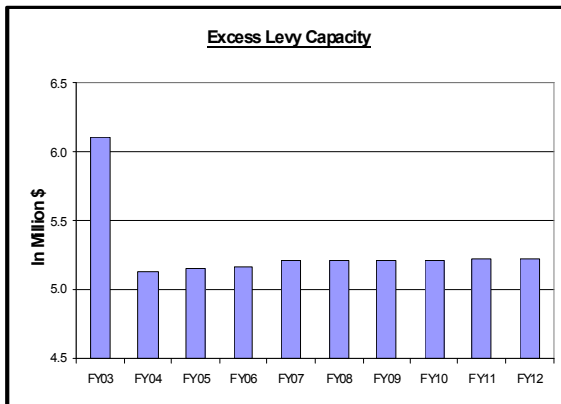
Summary Continued

City of Leominster

Excess Levy Capacity

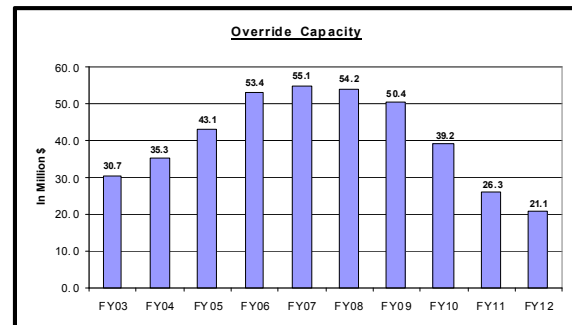
Excess Levy Capacity is the amount of a tax increase the City could raise through the tax levy in addition to the current year's Proposition 2 1/2 % increase before the need for an override. The cumulative excess levy capacity not levied on taxpayers during the past 10 years was \$52,793,496. The amount of Excess Levy Capacity for FY 2012 was \$5,219,069.

Budget Chart 28



The FY 2012 tax levy of \$ 53,152,674, along with excess tax levy capacity of \$5,219,069 equaled this FY 2012 Levy Limit of \$58,371,743. The difference between the FY 2012 ultimate tax levy ceiling of \$79,474,692 and the FY 2012 tax levy limit of \$58,371,743 is equal to the FY 2012 tax override capacity of \$21,102,949. This override capacity also serves as a buffer of insulation against the City having to reduce the current year budget because of ultimate tax levy ceiling concerns (e.g. \$25.00 tax rate ; \$16.72 FY12 tax rate). The following chart shows the override capacity amounts for the past 10 years.

Budget Chart 29



Override Capacity

The ultimate tax levy ceiling under Proposition 2 1/2, is equal to 2 1/2 % of the total assessed valuation of the City of Leominster which is calculated annually.

The total assessed valuation for the City of Leominster was \$3,178,987,617 for FY 2012 which translates to a \$79,474,692 ultimate tax levy ceiling. The FY 2012 Levy Limit of \$ 58,371,743 was calculated by taking the FY 2011 tax levy limit of \$55,913,854 and adding the FY 2012 "Certified New Growth of \$1,060,043 along with the allowed Proposition 2 1/2 increase of \$1,397,846.

This override capacity means that the voters of the City of Leominster could authorize permanent overrides, debt exclusions, or capital exclusions totaling \$21,102,949 for Fiscal Year 2012.



Executive Budget

Summary Continued

City of Leominster

Other Reserve Funds

Emergency Reserve Account

This account is part of the General Fund Budget. The Fiscal Year 2012 Budget included \$100,000 for this purpose. This account is used for unexpected costs that arise during the fiscal year. The City does also use this account for unforeseen needs prior to certification of "Free Cash".

Highway State Aid Reserved Account

The State Chapter 90 Program funds expenditures related to approved highway projects. Appropriation requests are made by the Highway Department once the projects are approved and the money is available to be drawn on the State Letter of Credit Authorization. The FY 2012 Letter of Credit Authorization was \$1,100,419.

Gallagher Building Revolving Fund

The Gallagher Building collects rents which is deposited into the account for operating and maintenance of the building. A certain amount is also provided to help defray the principle and interest payments related to the loan taken out by the City to pay for capital improvements to the Gallagher Building. The rents collected during FY12 paid off this debt service. The State is contemplating consolidating courts resulting in the closure of the Leominster Court

Parking Meter Receipts

The City collects garage and meter fees for deposit into this fund. The proceeds are used for the expenses of the parking areas, the enforcement of parking regulations and for the collection process.

Wetland Fees Reserved

The Conservation Commission related fees collected are required to be placed into this fund. This fund has helped to pay for an administrator and administrative expenses related to the Conservation Commission.

Cemetery Perpetual Care Income

The purchase of a cemetery lot includes a fee for perpetual care of the lot. This fee is deposited into the Perpetual Care Trust Fund. Proceeds of this account are available to be used for cemetery operating purposes.

Cemetery Sale of Lots Income

The purchase price of a cemetery lot is deposited into the Cemetery Sale of Lots Trust Fund Principle Account. The investment income generated is available to be used for capital outlay purchases for cemetery related purposes.

General Fund Capital Investment Fund

The City of Leominster had special legislation passed to establish this fund for capital outlay purposes that would accumulate appropriations for multiple fiscal years in order to purchase a capital item. For instance, if a Fire Department engine was projected to cost \$400,000, the City could place \$100,000 per year into this fund for four years. The City has not recently utilized this fund but it is a good vehicle for capital outlay planning purposes.

The special legislation also allowed for the establishment of the same type of funds for both the Water and Waste Water Departments.

Other Post Employment Benefits (OPEB)

The City has begun to accumulate funds for OPEB related costs. The State has created the irrevocable trust needed to place funds for investment purposes. The City has accepted this legislation and deposited funds in the Trust during FY 2012. The City is making an application to invest these and future OPEB funds with a State investment vehicle to utilize a more favorable discount when calculating future costs. The City has decided to appropriate additional funds in the FY 2013 budget request.

Executive Budget

Summary Continued

City of Leominster

Weights & Measures

The Weights & Measures Department has recently become authorized to levy fines for violations. The payments collected from these fines are required to be deposited into this fund. The proceeds are required to be utilized for Weights & Measures Department purposes.

Sale of Real Estate Fund

The proceeds of City owned property are required to be deposited into this fund. The use of these funds are restricted by statute.

Library State Aid Reserved

The proceeds are legally restricted for library related expenses. The City qualifies for this aid by meeting expenditure and operating hours requirements established by the State Board of Library Commissioners.

Budget Table 7 Other Reserve Funds

Account	FY11 Beginning Balance	FY11 In flows	FY11 Outflows	FY11End Balance	FY12 Beginning Balance
Emergency Reserve	100,000	0	99,757	243	100,000
Chapter 90	(271,322)	572,116	868,583	(567,789)	(567,789)
Gallagher Revolving	400,158	0	224,452	175,706	175,706
Parking Meter	21,043	29,910	30,000	20,953	20,953
Wetland Fees Reserved	36,561	9,081	4,400	41,242	41,242
Cemetery Perpetual Care	1,297,579	34,462	109,914	1,222,127	1,222,127
Cemetery Sale of Lots	711,607	38,153	500	749,260	749,260
General Fund Capital	158,192	0	0	158,192	158,192
Weights & Measures	14,881	14,604	10,787	18,698	18,698
Sale of Real Estate	2,842	0	0	2,842	2,842
Library State Aid Reserved	29,550	46,210	47,500	28,260	28,260
GAAP Unassigned Fund /General	8,047,399	1,283,264 net increase	0	9,330,663	9,330,663
Statutory Certified "Free Cash"	5,906,596	0	5,334,546	572,050	6,526,756

Executive Budget

Summary Continued

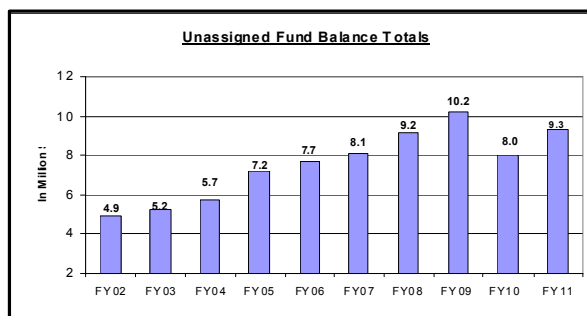
City of Leominster

General Fund

Unassigned Fund Balance

The increase or decrease to the Unassigned Fund balance is the result of the difference between the operating revenues and expenditures in a given year. It gives insight as to the General Fund ability to (1) balance its' budget on a current basis, (2) maintain reserves for operating emergencies, (3) have sufficient liquidity to pay its' bills on time, (4) have funds to make operating capital outlay expenditures not provided for in the operating budget.

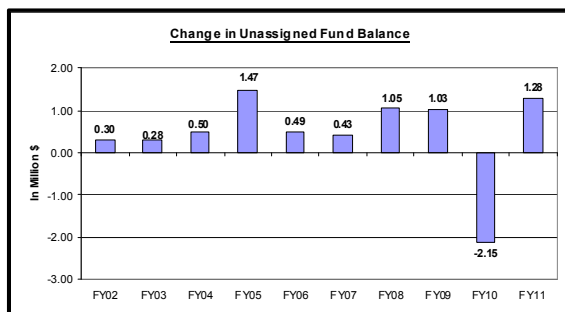
Budget Chart 30



(* The City transferred \$3,000,000 from the General Fund [Overlay Surplus] to the Stabilization Fund during FY 10, leaving a net balance of \$7,194,630. Thus the FY2010 balance is actually an increase over the previous year.)

The changes to the Unassigned Fund Balance totals can be seen as follows:

Budget Chart 31



The table to the right summarizes how the Free Cash fund balance has been utilized during the past 5 year period.

Budget Chart 32

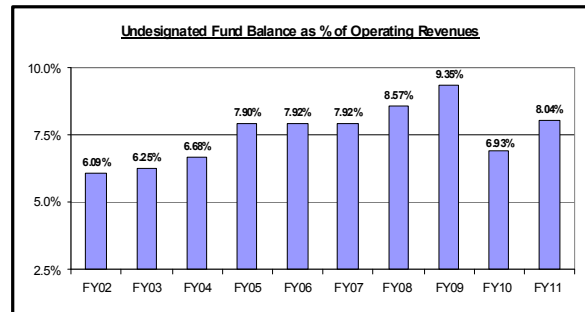


Table 8 Free Cash (in Thousand \$)

	FY11	FY10	FY09	FY08	FY07
Certified Free Cash	5,907	5,953	5,465	5,337	5,944
Water Capital Outlay	494	757	780	33	316
Sewer Capital Outlay	635	530	69	289	549
General Fund Capital	1,647	1,599	83	1,566	2,015
Operating Expense	498	541	463	688	498
Snow&Ice Expenses	606	440	600	711	207
Debt Service (ie temp interest)	130	130	385	430	530
School Transportation	623	617	722	627	395
Transfer to Stabilization	107	0	0	0	0
PSO Outline	95	49	280	43	224
Total Appropriations	5,335	5,123	4,692	4,837	4,935
Free Cash Closeout	572	830	733	500	1,009

Executive Budget

Summary Continued

City of Leominster

Budget Table 9

CITY OF LEOMINSTER					
Massachusetts					
GENERAL FUND					
Balance Sheet					
	2011	2010	June 30 2009	2008	2007
ASSETS					
Cash and Cash Investments	\$25,825,818	\$14,870,210	\$16,010,860	\$15,488,801	\$13,349,951
Investments	597,172		1,359,553		600,000
Receivables:					
Property Taxes	3,336,412	3,017,431	2,980,267	2,955,567	2,709,646
Tax Liens and Foreclosures				1,338,004	
Excises	1,323,046	1,207,915	1,082,170	926,182	1,083,452
Other		178,345			
Intergovernmental		1,473,482	1,404,689		
Departmental, net	1,366,930		1,166,075		695,360
Total Assets	\$32,449,378	\$20,747,383	\$24,003,614	\$20,708,554	\$18,438,409
Liabilities and Fund Equity					
Liabilities:					
Warrants Payable	\$715,496	\$1,508,834	\$1,421,983	\$879,157	\$1,093,260
Accounts Payable	415,903		780,925		627,775
Deferred Revenue	5,702,613	5,271,825	6,359,837		4,201,658
Accrued Payroll and Withholding		548,261	945,666	749,790	
Accrued Interest				19,791	64,786
Other Liabilities	118,225	85,166	85,366	5,005,711	145,030
Total Liabilities	\$6,952,237	\$7,414,086	\$9,593,777	\$6,654,449	\$6,132,509
Fund Balances:					
Fund Balances:*					
Non-Spendable	1,869				
Restricted	0				
Committed (Stabilization Fund)	11,092,716				
Assigned (Encumbrances)	5,071,893	\$5,285,898	\$4,215,207	\$4,887,488	\$4,190,269
Unassigned	9,330,663	8,047,399	10,194,630	9,166,617	8,115,631
Total Fund Balance	\$25,497,141	\$13,333,297	\$14,409,837	\$14,054,105	\$12,305,900
Total Liabilities and Fund Balance	\$32,449,378	\$20,747,383	\$24,003,614	\$20,708,554	\$18,438,409
* New breakout of Fund Balance categories effective FY11					

The history of the General Fund Balance sheet shows how the various Asset Liability and Fund Balance have changed as of 6/30/11 for the past 5 year period. The General Fund income and expenditure 5 year history appears in Budget Table 10.

FY 2012 Estimates: Management estimates that while the City has positioned itself better than most for FY 2012, the economy is experiencing a significant slowdown which will reflect itself in certain elastic revenue source

contractions such as tax payments, building permits issued, motor vehicle excise and investment income. Net operation results are not expected to be very strong in the General Fund as past years have experienced. Operational results for FY 2012 are expected to result in a reduction in the Unassigned Fund Balance in the General Fund due to the transfer of \$1,400,000 from Overlay Surplus to the Stabilization Fund.

Executive Budget

Summary Continued

City of Leominster

Budget Table 10

CITY OF LEOMINSTER Massachusetts					
Combined Statement of Revenues, Expenditures and Changes in Fund Balances					
General Fund					
	2012 (2)	2011 (2)	2010 (2)	2009 (2)	2008 (2)
Revenues:					
Property Taxes		\$49,440,711	\$48,042,427	\$46,115,264	\$43,691,412
Excises		3,735,878	3,828,200	4,303,885	4,289,637
Charges for Services		1,686,697	1,456,757	1,461,529	1,226,772
Interest, Penalties and Other Taxes		345,507	302,132	276,951	241,034
Licenses and Permits		875,409	867,088	719,754	742,134
Fines and Forfeitures		226,106	196,694	199,583	230,884
Intergovernmental		58,102,093	57,789,305	54,748,016	53,913,976
Interest Earnings		193,476	177,789	404,125	841,490
Miscellaneous		1,401,295	3,469,045	847,796	1,738,878
Total Revenue	\$0	\$116,007,172	\$116,129,437	\$109,076,903	\$106,916,217
Expenditures:					
General Government		\$3,068,520	\$4,549,461	\$4,225,714	\$3,585,137
Public Safety		14,296,193	13,652,020	14,371,651	14,318,917
Education		70,366,804	70,197,630	65,496,182	55,060,848
Public Works		6,118,498	6,057,842	9,184,748	7,564,937
Human Services		846,500	760,133	779,153	736,455
Culture and Recreation		2,615,084	1,968,500	1,984,113	1,814,613
Employee Benefits		11,360,124	10,535,853	10,472,064	17,988,036
Debt Service		4,841,890	3,185,196	4,635,026	4,114,781
Intergovernmental		2,705,505	2,756,263	2,500,380	2,362,278
Total Expenditures	\$0	\$116,219,118	\$113,662,898	\$113,649,031	\$107,546,002
Excess of Revenues over (under) Expenditures	0	(211,946)	2,466,539	(4,572,128)	(629,785)
Other Financing Sources (Uses):					
Operating Transfers in		3,843,358	3,768,559	6,367,020	2,874,452
Operating Transfers out		(3,018,075)	(7,311,628)	(1,439,160)	(496,462)
Total Other Financing Sources (Uses)	0	825,283	(3,543,069)	4,927,860	2,377,990
Change in Fund Balance	0	613,337	(1,076,530)	355,732	1,748,205
Fund Equity, Beginning*		24,883,804	14,409,837	14,054,105	12,305,900
Fund Equity, Ending	\$0	\$25,497,141	\$13,333,307	\$14,409,837	\$14,054,105
*Now includes Stabilization Fund					



Both the Water and Sewer funds surplus are expected to be positive and are closed to the General Fund at year end. Water & Sewer rates have been increased in anticipation of debt service and operating expense increases and will show a temporary surplus that can be used for capital outlay investments or debt services payments in the short term.